



PLAASLIKE MUNISIPALITEIT  
***NKETOANA (F.S. 193)***

(Reitz, Petrus Steyn, Lindley & Arlington)  
**LOCAL MUNICIPALITY**

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**Enterprise Risk Management Policy**

## Definition of risk

The uncertainty of an event occurring that could have impact on the achievement of the objectives. Risk is measured in terms of impact and likelihood

## Control

Any action that is taken by the management, the council and the employees of the Nketoana Local Municipality to enhance risk management and increase the likelihood that established objective and goals will be achieved. Management plans,organizes,and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

## Purpose of the policy.

Within the context of an entity's established mission or vision, management establishes strategic objectives, selects strategy, and sets aligned objectives cascading through the enterprise. This enterprise risk management framework is geared to achieving an entity's objective, set forth in four categories:

- **Strategic – High level goals, aligned with and supporting its mission**
- **Operations – Effective and efficient use of resource**
- **Reporting – Reliability of reporting**
- **Compliance – Compliance with applicable laws and regulations.**

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The Accounting Authority / Officer has committed the Nketoana Local Municipality to a process of risk management that is aligned to the principles of good corporate governance, as supported by the **Municipal Finance Management Act (MFMA), Act no 56 of 2003 Act 165(2) (i) to (vii)**

Risk management is recognised as an integral part of responsible management and the Institution therefore adopts a comprehensive approach to the management of risk. The features of this process are outlined in the Nketoana Local Municipality Risk Management Strategy. It is expected that all sections, operations and processes will be subject to the risk management strategy. It is the intention that these municipality will work together in a consistent and integrated manner, with the overall objective of reducing risk, as far as reasonably practicable.

Effective risk management is imperative to the Institution to fulfil its mandate, the service delivery expectations of the public and the performance expectations within the Nketoana Local Municipality.

The realization of our strategic plan depends on us being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk will enable us to anticipate and respond to changes in our service delivery environment, as well as take informed decisions under conditions of uncertainty.

We subscribe to the fundamental principles that all resources will be applied economically to ensure:

- The highest standards of service delivery;
- A management system containing the appropriate elements aimed at minimising risks and costs in the interest of all stakeholders;
- Education and training of all our staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders expectations; and
- Maintaining an environment, which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

An entity-wide approach to risk management will be adopted by the Institution, which means that every key risk in each part of the Institution will be included in a structured and systematic process of risk management. It is expected that the risk management processes will become embedded into the Nketoana Local Municipality systems and processes, ensuring that our responses to risk remain current and dynamic. All risk management efforts will be focused on supporting the Nketoana Local Municipality objectives. Equally, they must ensure compliance with relevant legislation, and fulfill the expectations of employees, communities and other stakeholders in terms of corporate governance.

The risk policy statement shall be reviewed annually to reflect the current stance on risk management.

**Every employee has a part to play in this important endeavour and we look forward to working with you in achieving these aims.**